



Central Bank of Kenya

Weekly Bulletin

December 20, 2019

KEY MONETARY AND FINANCIAL INDICATORS

Exchange Rate

The Kenya Shilling strengthened against major international and regional currencies during the week ending December 19, due to inflows amid slowing demand for foreign currency ahead of the festive season. It exchanged at KSh 100.90 per US Dollar on December 19, compared to KSh 101.50 on December 11 (Table 1).

Foreign Exchange Reserves

The CBK usable foreign exchange reserves remained adequate at USD 8,898 million (5.47 months of import cover) as at December 19. This meets the CBK's statutory requirement to endeavour to maintain at least 4 months of import cover, and the EAC region's convergence criteria of 4.5 months of import cover (Table 2).

Remittances

Remittance inflows decreased to USD 218.8 million in November 2019 compared to USD 224.3 million in October. The cumulative inflows in the 12-months to November 2019 increased to USD 2,790 million compared to USD 2,658 million in November 2018, reflecting a growth of 5.0 percent (Chart 1). North America, Europe and the Rest of the World accounted for 51 percent, 20 percent and 29 percent, respectively, of the total remittances in November.

Money Markets

The money market was liquid during the week ending December 19, partly reflecting government payments which more than offset tax remittances. Commercial banks' excess reserves stood at KSh 18.0 billion in relation to the 5.25 percent cash reserves requirement (CRR). The average interbank rate decreased to 5.86 percent on December 19 from 6.27 percent on December 11. The average number of interbank deals per day also declined to 26 from 32 in the previous week. Similarly, the value traded decreased to KSh 19.1 billion from KSh 30.2 billion in the previous week (Table 3).

Government Securities Market

The Treasury bills auctions of December 19 received bids totalling KSh 15.4 billion against an advertised amount of KSh 24.0 billion, representing a performance of 64.1 percent. Interest rates on 91-day and 182-day Treasury

bills increased slightly, while those of the 364-day Treasury bills declined marginally compared to the previous auction (Table 4).

The TAP sale of the 5-year Treasury bond offered at the December 19 auction received bids totalling KSh 9.75 billion against an advertised amount of KSh 9.72 billion (Table 5).

Equity Market

The NASI, NSE 25 Share price index and market capitalization increased by 1.3 percent, 1.2 percent and 1.3 percent, respectively, during the week ending December 19. Similarly, total shares traded, equity turnover and the number of deals increased by 62.6 percent, 90.4 percent and 38.5 percent, respectively. However, NSE 20 share price index declined by 1.3 percent (Table 6).

Bond Market

Turnover of bonds traded in the domestic secondary market increased by 11.0 percent during the week ending December 19 (Table 6). In the international market, yields on Kenya's 7-year (2027), 10-year (2024), 10-year (2028), 12-year (2032) and 30-year (2048) Eurobonds decreased by 32.9, 18.2, 22.6, 20.0 and 21.5 basis points, respectively. The yields on the 10-year Eurobonds for Ghana and Angola also declined (Chart 3).

Global Trends

Uncertainty in the major global markets eased during the week ending December 19, driven by the signing of the US-China trade agreement and the outcome of the December 12 UK elections that gave the ruling party clear mandate to pursue Brexit by the January 31 deadline. The impeachment of the US President had little effect on the market sentiment.

International oil prices continued to increase during the week due to production cuts agreed by OPEC and Non-OPEC countries. The Murban oil price increased to USD 68.52 per barrel on December 19 from USD 66.60 per barrel on December 12.

Table 1: Kenya Shilling Exchange Rates (Indicative Mean Rates)

	USD	Sterling Pound	Euro	100 Japanese Yen	USHS*	TSHS*	RWF*	BIF*
6-Dec-19	101.75	133.50	112.82	93.48	36.22	22.57	9.18	18.44
9-Dec-19	101.67	133.43	112.68	93.40	36.23	22.63	9.19	18.45
10-Dec-19	101.42	133.41	112.29	93.45	36.34	22.66	9.21	18.50
11-Dec-19	101.50	133.64	112.42	93.33	36.31	22.64	9.21	18.49
12-Dec-19								
Dec 6-11	101.58	133.50	112.55	93.41	36.27	22.63	9.20	18.47
13-Dec-19	101.67	133.84	112.67	93.54	36.15	22.60	9.19	18.46
16-Dec-19	101.68	135.83	113.57	92.78	36.09	22.60	9.19	18.46
17-Dec-19	101.62	135.62	113.25	92.89	36.13	22.61	9.21	18.50
18-Dec-19	101.54	133.69	113.37	92.68	36.09	22.63	9.21	18.50
19-Dec-19	100.90	131.85	112.15	92.06	36.32	22.77	9.39	18.61
Dec 13-19	101.48	134.17	113.00	92.79	36.16	22.64	9.24	18.51

* Units of currency per Kenya Shilling

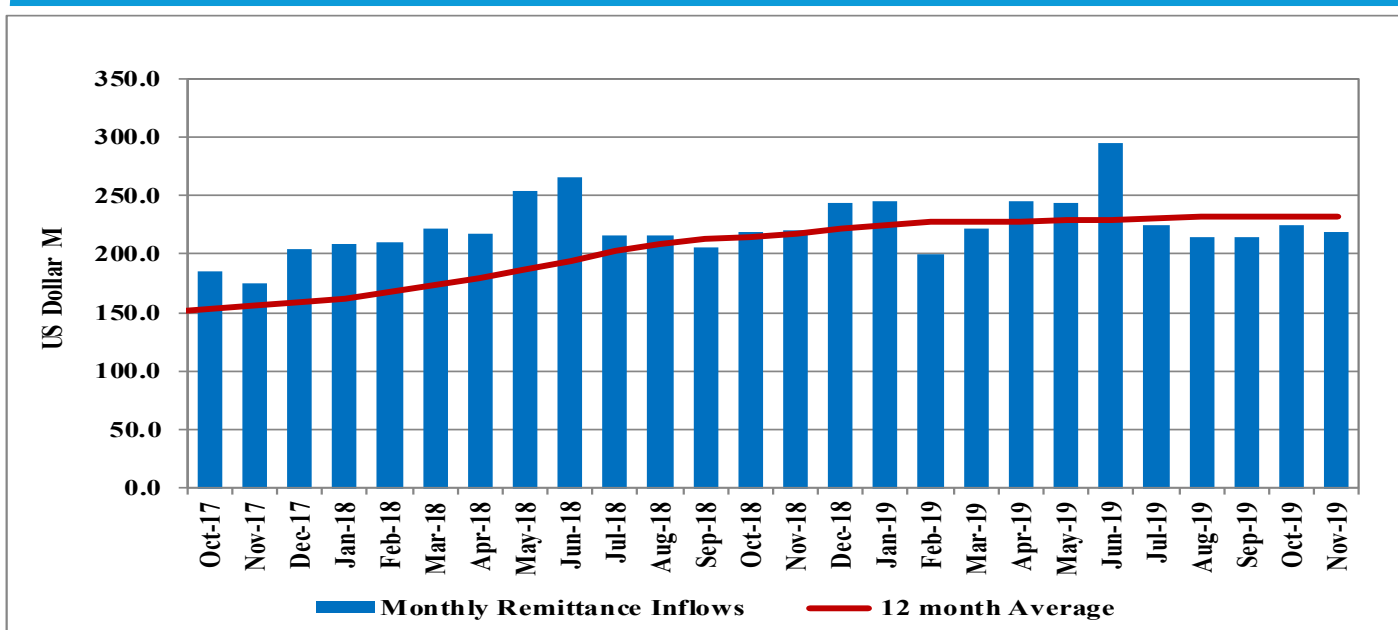
Source: Central Bank of Kenya

Table 2: Official Usable Foreign Exchange Reserves

	14-Nov-19	21-Nov-19	28-Nov-19	05-Dec-19	11-Dec-19	19-Dec-19
1. CBK Usable Foreign Exchange Reserves (USD Million)	8,943	8,779	8,748	8,752	8,815	8,898
2. CBK Usable Foreign Exchange Reserves (Months of Import Cover)*	5.59	5.44	5.43	5.43	5.42	5.47

*Based on 36 months average of imports of goods and non-factor services.

Source: Central Bank of Kenya

Chart 1: Monthly Remittance Inflows (USD Million)


Source: Central Bank of Kenya

Table 3: Money Market

Date	Number of Deals	Value (KSh M)	Average Interbank Rate (%)
6-Dec-19	32	32,920.00	6.75
9-Dec-19	37	35,650.00	6.83
10-Dec-19	32	27,455.00	6.78
11-Dec-19	25	24,750.00	6.27
12-Dec-19	PUBLIC HOLIDAY		
December 6 -11	32	30,193.75	6.66
13-Dec-19	29	21,165.00	5.04
16-Dec-19	30	26,240.00	5.07
17-Dec-19	24	16,090.00	5.20
18-Dec-19	23	18,970.00	5.72
19-Dec-19	22	12,850.00	5.86
December 13 -19	26	19,063.00	5.38

Source :Central Bank of Kenya

Table 4: Treasury Bills Auctions**91-Day Treasury Bills**

Date of Auction	31-Oct-19	28-Nov-19	05-Dec-19	11-Dec-19	19-Dec-19
Amount offered (Ksh M)	4,000.00	4,000.00	4,000.00	4,000.00	4,000.00
Bids received (Ksh M)	6,813.64	936.76	3,552.82	3,798.82	4,453.63
Amount Accepted (Ksh M)	6,813.64	445.55	572.37	3,739.88	4,453.61
Maturities (Ksh M)	8,338.70	5,395.25	5,080.80	6,368.65	689.80
Average interest Rate (%)	6.390	7.162	7.162	7.151	7.177

182-Day Treasury Bills

Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	4,612.98	1,055.83	3,583.01	3,483.08	3,891.66
Amount Accepted (Ksh M)	4,133.29	553.85	625.38	3,463.58	3,815.28
Maturities (Ksh M)	1,236.45	2,540.45	869.20	2,956.50	1,214.75
Average interest Rate (%)	7.189	8.204	8.201	8.107	8.125

364-Day Treasury Bills

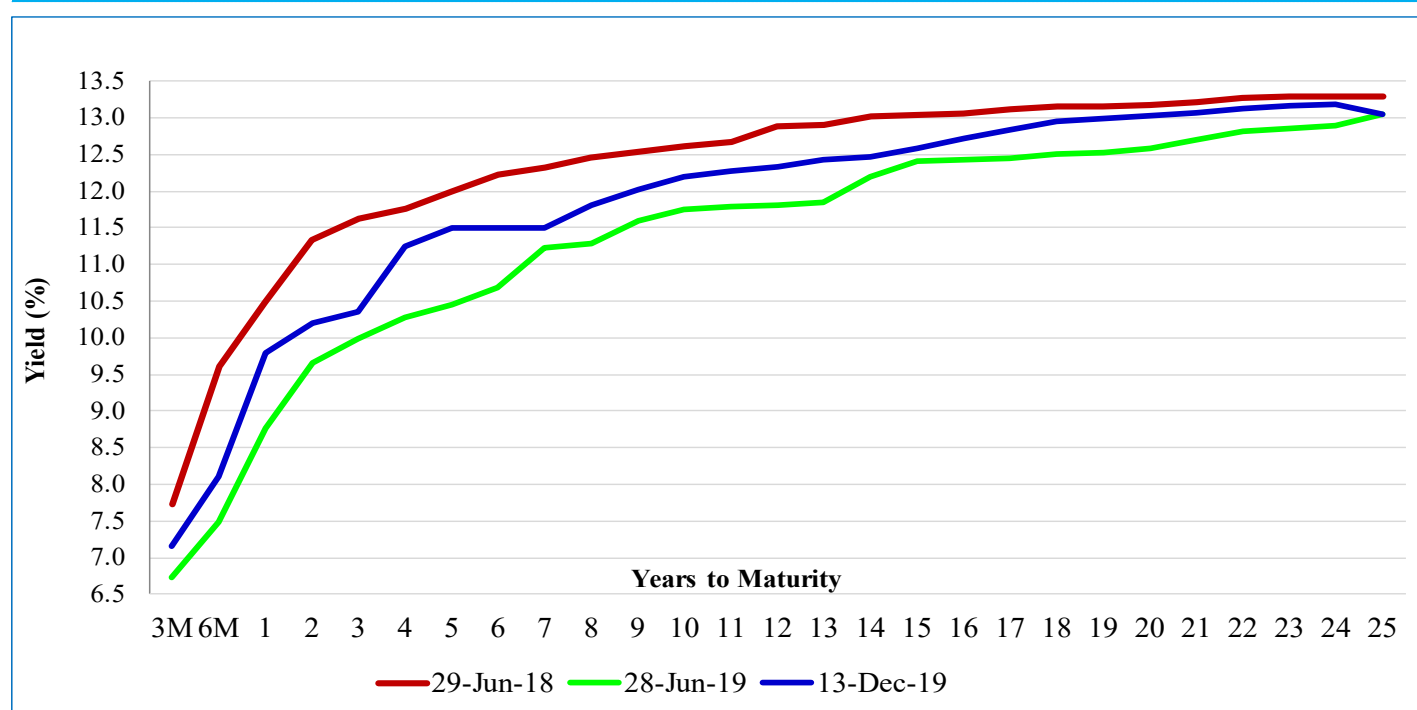
Amount offered (Ksh M)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00
Bids received (Ksh M)	16,004.60	6,361.04	6,123.36	5,561.96	7,031.83
Amount Accepted (Ksh M)	12,781.75	3,990.96	4,732.31	5,534.64	7,022.28
Maturities (Ksh M)	15,795.65	2,853.15	2,992.05	3,157.45	13,900.75
Average interest Rate (%)	9.780	9.800	9.803	9.798	9.789

Source: Central Bank of Kenya

Table 5: Treasury Bonds Auction

Date of Auction	23-Oct-19	27-Nov-19	11-Dec-19	19-Dec-19
		TAP		TAP
Tenor	IFB1/2019/16	FXD4/2019/10	FXD 3/2019/5	FXD3/2019/5
Amount offered (Ksh M)	60,000.00	21,650.00	25,000.00	9,720.00
Bids received (Ksh M)	86,946.69	8,115.45	28,468.51	9,750.51
Amount Accepted (Ksh M)	68,466.07	8,112.45	18,740.55	9,750.51
Maturities (Ksh M)	0.00	0.00	0.00	0.00
Average interest Rate (%)	12.39	12.28	11.49	11.49

Source: Central Bank of Kenya

Chart 2: Government Securities Yield Curve

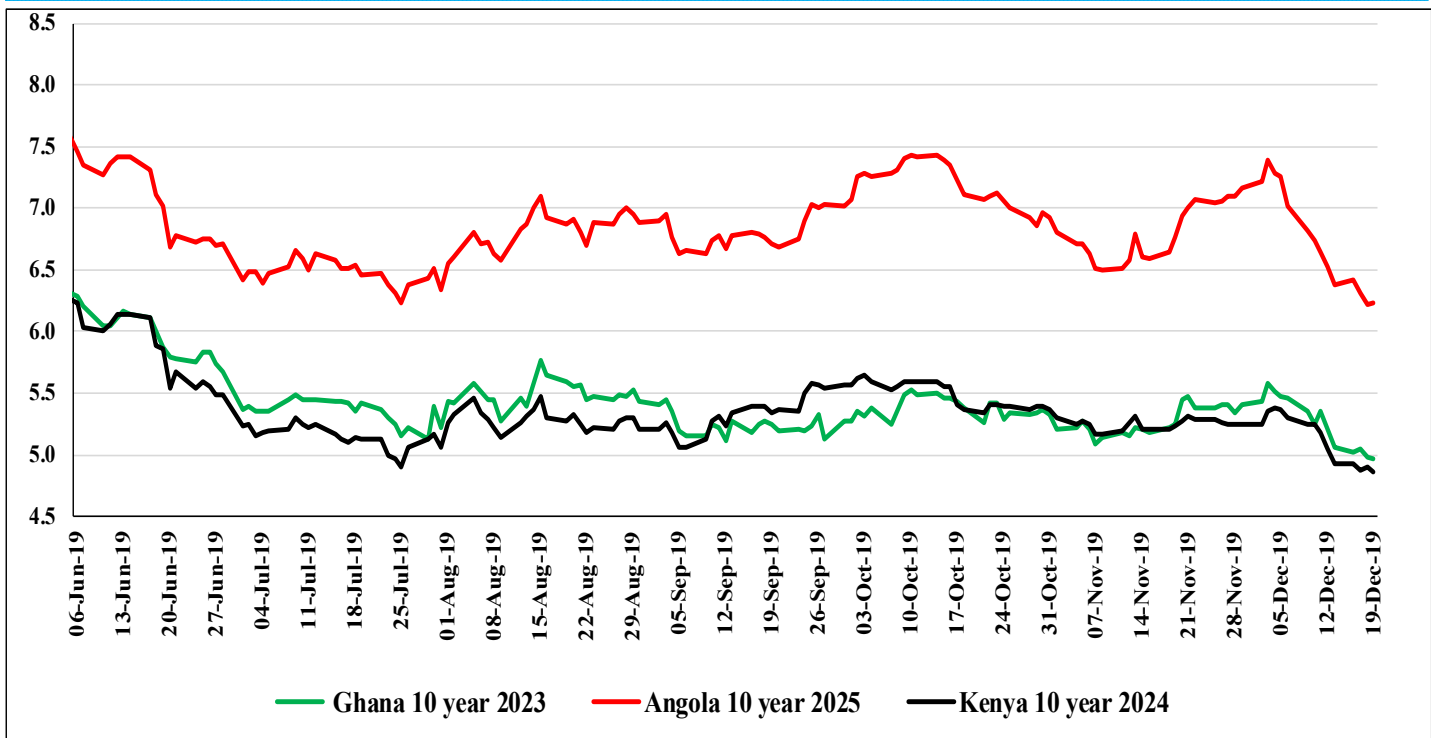
Source: Nairobi Securities Exchange (NSE)

Table 6: Key Weekly Market Indicators

INDICATOR	NASI 100=2008	NSE 25 Share Index	NSE 20 Share Index 100=1996	Total Deals (Equity)	Total Shares Traded (Mil- lion)	Equity Turnover (KSh Million)	Market Capital- ization (KSh Billion)	Bonds Turnover (KSh Million)	7-Year Euro- bond Yield (%)	10-Year Euro- bond Yield (%) 2024	10-Year Euro- bond Yield (%) 2028	12-Year Euro- bond Yield (%)	30-Year Euro- bond Yield (%)
6-Dec-19	160.29	3965.47	2621.55	860	13.27	52.86	2,446.46	653.29	6.193	5.307	6.628	7.424	8.099
9-Dec-19	159.99	3938.43	2608.78	775	14.12	464.15	2,441.76	779.19	6.163	5.246	6.551	7.297	8.039
10-Dec-19	160.15	3940.20	2600.17	1,015	27.12	1,123.39	2,444.28	1,368.07	6.144	5.247	6.492	7.313	8.030
11-Dec-19	160.60	3947.09	2598.42	1,007	20.99	417.89	2,451.20	752.35	6.062	5.184	6.454	7.266	8.012
12-Dec-19	PUBLIC HOLIDAY								5.997	5.049	6.148	7.078	7.865
Dec 6-12	160.60	3947.09	2598.42	3,657	75.49	2058.29	2,451.20	3,552.90	5.997	5.049	6.148	7.078	7.865
Weekly Changes (%)	1.06	0.02	-0.79	-32.60	-27.37	-39.95	1.07	-38.67	-0.284*	-0.321*	-0.500*	-0.363*	-0.277*
13-Dec-19	160.52	3941.68	2587.84	932	49.13	1,350.61	2,449.90	156.92	5.748	4.926	6.073	6.971	7.765
16-Dec-19	159.57	3923.89	2584.04	1,015	10.51	384.27	2,435.41	767.15	5.862	4.927	6.035	6.971	7.738
17-Dec-19	159.91	3941.58	2589.83	1,238	34.11	1,291.85	2,440.58	592.13	5.845	4.879	5.979	6.925	7.692
18-Dec-19	160.53	3958.07	2573.01	951	13.84	407.08	2,450.06	1,296.41	5.799	4.902	5.942	6.879	7.661
19-Dec-19	162.62	3993.77	2565.92	927	15.12	484.67	2,482.11	1,131.75	5.668	4.867	5.922	6.878	7.650
Dec 13-19	162.62	3993.77	2565.92	5,063	122.71	3918.47	2,482.11	3,944.35	5.668	4.867	5.922	6.878	7.650
Weekly Changes (%)	1.26	1.18	-1.25	38.45	62.56	90.38	1.26	-20.84	-0.329*	-0.182*	-0.226*	-0.200*	-0.215*

Source: Nairobi Securities Exchange (NSE)

Chart 3: Yields on 10 year Eurobonds for Selected African Countries



Source: Thomson Reuters

Table 7: Government Domestic Debt (KSh Billion)

	30-Aug-19	27-Sep-19	25-Oct-19	29-Nov-19	06-Dec-19	13-Dec-19
1. Treasury Bills (Excluding Repos)	947.89	933.10	910.38	896.13	890.74	888.20
(As % of total securities)	33.97	33.78	33.12	31.62	31.40	31.34
2. Treasury Bonds	1,842.38	1,828.78	1,838.11	1,938.13	1,946.21	1,946.21
(As % of total securities)	66.03	66.22	66.88	68.38	68.60	68.66
3. Total Securities (1+2)	2,790.26	2,761.88	2,748.50	2,834.25	2,836.95	2,834.41
4. Overdraft at Central Bank	59.55	52.58	50.55	57.23	63.04	58.64
5. Other Domestic debt*	25.69	25.68	25.73	25.88	25.87	25.87
6. Gross Domestic Debt (3+4+5)	2,875.50	2,840.13	2,824.78	2,917.36	2,925.86	2,918.93

* Other domestic debt includes clearing items in transit, advances from commercial banks, Pre-1997 Government Overdraft and Tax Reserve Certificates.

Source: Central Bank of Kenya

Table 8: Government Domestic Debt by Instrument (Percent)

	30-Aug-19	27-Sep-19	25-Oct-19	29-Nov-19	06-Dec-19	13-Dec-19
Treasury bills (Excluding Repos)	32.96	32.80	32.17	30.68	30.41	30.39
Treasury bonds	64.08	64.46	65.13	66.50	66.59	66.74
CBK Overdraft to Government	2.07	1.85	1.79	1.96	2.15	2.01
Other domestic debt	0.89	0.90	0.91	0.86	0.85	0.86
TOTAL	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 9: Government Domestic Debt by Holder (Percent)

	30-Aug-19	27-Sep-19	25-Oct-19	29-Nov-19	06-Dec-19	13-Dec-19
Banking Institutions	54.38	53.31	53.15	54.14	54.28	54.27
Insurance Companies	6.20	6.42	6.54	6.49	6.51	6.52
Parastatals	6.98	7.33	7.06	6.91	6.85	6.80
Pension funds	28.25	28.76	29.00	28.11	28.01	28.07
Other investors	4.19	4.19	4.25	4.35	4.35	4.34
Total	100.00	100.00	100.00	100.00	100.00	100.00

Source: Central Bank of Kenya

Table 10: Indicators of Total Government Debt

	Jun-18	Dec-18	Jun-19	Jul-19	Aug-19	Sep-19
Domestic debt (KSh Billion)	2,478.84	2,548.77	2,785.94	2,844.12	2,876.00	2,856.60
Public & Publicly Guaranteed External debt (US \$ Billion)	25.34	26.74	29.55	30.32	30.26	29.95
Public & Publicly Guaranteed External debt (KSh Billion)	2,560.20	2,723.73	3,023.14	3,160.06	3,133.54	3,111.80
Total public debt (KSh Billion)	5,039.03	5,272.50	5,809.08	6,004.18	6,009.54	5,968.40

Source: National Treasury and Central Bank of Kenya